

DOCKET NO. 2011-271-E

$$\begin{array}{c}) \\) \\) \\) \\) \\) \\) \end{array}$$

**SETTLEMENT TESTIMONY OF
CAROL E. SHRUM FOR
DUKE ENERGY CAROLINAS, LLC**

1 **I. INTRODUCTION AND PURPOSE**

2 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION**
3 **WITH DUKE ENERGY CAROLINAS.**

4 A. My name is Carol E. Shrum. My business address is 526 South Church Street,
5 Charlotte, North Carolina. I am Vice President, Rates for Duke Energy Carolinas,
6 LLC (“Duke Energy Carolinas” or the “Company”).

7 **Q. DID YOU PREVIOUSLY FILE DIRECT AND REBUTTAL TESTIMONY**
8 **IN SUPPORT OF DUKE ENERGY CAROLINAS’ APPLICATION IN THIS**
9 **DOCKET?**

10 A. Yes, I did.

11 **Q. WHAT IS THE PURPOSE OF YOUR SETTLEMENT TESTIMONY IN**
12 **THIS PROCEEDING?**

13 A. The purpose of my testimony is to support certain provisions of the Settlement
14 Agreement, dated November 30, 2011 (the “Settlement” or the “Settlement
15 Agreement”) entered into by and among Duke Energy Carolinas, the Commission
16 of Public Works of the City of Spartanburg South Carolina and Spartanburg
17 Sanitary Sewer District (“Spartanburg”), and the Office of Regulatory Staff
18 (“ORS”) (collectively, the “Settling Parties”). In particular, I sponsor the various
19 adjustments described in the Settlement Agreement, which is Heigel Settlement
20 Exhibit 1.

21 **II. SETTLEMENT AGREEMENT PROVISIONS**

22 **Q. PLEASE SUMMARIZE THE COMPROMISES REFLECTED IN THE**
23 **SETTLEMENT AGREEMENT.**

1 A. Duke Energy Carolinas initially requested an increase in revenues of
2 approximately \$216 million in additional revenues. As a result of the
3 compromise and Settlement between the parties, Duke Energy Carolinas will
4 adjust its South Carolina retail base rates and tariffs to produce additional annual
5 sales revenues of \$90,654,000 from its South Carolina retail electric operations.
6 If the Commission approves the Settlement Agreement, the average impact by
7 customer type would be:

Customer	General Rate Increase
Residential	6.88%
General Service	5.09%
Industrial	5.01%
Lighting	5.71%

8
9 If Buck Steam and Bridgewater Hydro Stations are placed in service by the
10 beginning of the rate case hearing on December 7, 2011, the Settlement
11 Agreement provides that base rates shall be increased by an additional \$1,807,000
12 for Buck Steam Station and \$383,000 for Bridgewater Hydro Station. Duke
13 Energy Carolinas and ORS reached agreement on this specific revenue amount by
14 making the various adjustments reflected in the Settlement Agreement. The
15 Company contends the adjustments and resulting revenue increase balance the
16 Company's need for rate relief with the impact on the Company's customers.
17

1

2

4

8

O